

INITIAL STATEMENT OF REASONS

TITLE 2. DIVISION 7. CHAPTER 9.

PROPOSED AMENDMENTS TO SECTION 21904 (PRECLEARANCE) AND SECTION 21905 (EXPEDITED FILING).

1. SPECIFIC PURPOSE OF THE AMENDMENTS.

The proposed amendments, aside from making technical corrections and clarifications, are intended to expand the preclearance and expedited filing of documents services provided by the Secretary of State to include all documents filed with the Secretary of State pursuant to the California Corporations Code, the California Financial Code, or the California Insurance Code. Currently, 2 California Code of Regulations (“CCR”) sections 21904 and 21905 authorize preclearance and expedited filing services only for specified corporate documents filed pursuant to a limited number of specified sections of the California Corporations Code. For example, under the current regulation, preclearance and expedited filing of documents services are not available to limited liability companies and limited partnerships or with respect to certain mergers and conversions. If the amendments are adopted, preclearance and expedited filing of documents services will be available to these and many other business entities.

2. NECESSITY.

The proposed amendments further implement Government Code section 12182 by expanding the preclearance and expedited filing of documents services. The Secretary of State believes that expanding these services will facilitate the conducting of business in California.

The proposed amendments also correct non-substantive erroneous provisions in the existing regulations. The proposed amendment to 2 CCR section 21904(a)(6) will change the typographical reference to “12904” to the correct citation of “21904.” The proposed amendment to 2 CCR section 21904(d)(2)(A) and 2 CCR section 21905(c)(1)(A) will implement Chapter 273 of Statutes of 2003, permitting acceptance of facsimile signatures in addition to original signatures for filing purposes in some circumstances.

Other technical or non-substantive changes in the existing regulations are made.

3. TECHNICAL, THEORETICAL, AND/OR EMPIRICAL STUDY, REPORTS, OR DOCUMENTS.

Business entities and their agents that file documents with the Secretary of State have requested the Secretary of State to consider expanding the preclearance and expedited filing of documents services beyond those currently available under the existing regulations.

4. REASONABLE ALTERNATIVES TO THE REGULATION AND THE OFFICE'S REASONS FOR REJECTING THOSE ALTERNATIVES.

No other alternatives have been presented to or considered by the Secretary of State's Office.

5. REASONABLE ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD LESSEN ANY ADVERSE IMPACT ON SMALL OR OTHER BUSINESSES.

The Office has not identified any adverse impact that the regulatory action would have on small businesses. The services are optional. To the extent that the regulatory action proposed may facilitate conducting business in California, all businesses may be benefited.